Ed Yardeni, Melissa Tagg

Appendix 3

The Fed's Liquidity Facilities, 2020

Facility / Link	Description
Municipal Liquidity Facility (MLF)	The Federal Reserve established the Municipal Liquidity Facility to help state and local governments better manage cash flow pressures in order to continue to serve households and businesses in their communities. The facility will purchase up to $500 billion of short-term notes directly from U.S. states (including the District of Columbia), U.S. counties with a population of at least 500,000 residents, and U.S. cities with a population of at least 250,000 residents. Eligible state-level issuers may use the proceeds to support additional counties and cities. In addition to the actions described above, the Federal Reserve will continue to closely monitor conditions in the primary and secondary markets for municipal securities and will evaluate whether additional measures are needed to support the flow of credit and liquidity to state and local governments.
Main Street Lending Program (MSLP)	The Federal Reserve has announced that it is establishing a Main Street Lending Program (Program) to support lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic. The Program will operate through three facilities: the Main Street New Loan Facility (MSNLF), the Main Street Priority Loan Facility (MSPLF), and the Main Street Expanded Loan Facility (MSELF).
Commercial Paper Funding Facility (CPFF)	The Federal Reserve Board established a Commercial Paper Funding Facility (CPFF) on March 17, 2020, to support the flow of credit to households and businesses. Commercial paper markets directly finance a wide range of economic activity, supplying credit and funding for auto loans and mortgages as well as liquidity to meet the operational needs of a range of companies. By ensuring the smooth functioning of this market, particularly in times of strain, the Federal Reserve is providing credit that will support families, businesses, and jobs across the economy.
Primary Dealer Credit Facility (PDCF)	The Federal Reserve Board established a Primary Dealer Credit Facility (PDCF) on March 17, 2020, to support the credit needs of American households and businesses. The facility will allow primary dealers to support smooth market functioning and facilitate the availability of credit to businesses and households.
Money Market Mutual Fund Liquidity Facility (MMLF)	The Federal Reserve established the Money Market Mutual Fund Liquidity Facility, or MMLF, on March 18, 2020, to broaden its program of support for the flow of credit to households and businesses. The Federal Reserve Bank of Boston will make loans available to eligible financial institutions secured by high-quality assets purchased by the financial institution from money market mutual funds. Money market funds are common investment tools for families, businesses, and a range of companies. The MMLF will assist money market funds in meeting demands for redemptions by households and other investors, enhancing overall market functioning and credit provision to the broader economy.
Primary Market Corporate Credit Facility (PMCCF)	The Federal Reserve established the Primary Market Corporate Credit Facility (PMCCF) on March 23, 2020, to support credit to employers through bond and loan issuances. The PMCCF will provide companies access to credit so that they are better able to maintain business operations and capacity during the period of dislocations related to the pandemic. This facility is open to investment grade companies, as well as certain companies that were investment grade as of March 22, 2020. The Federal Reserve will establish a special purpose vehicle (SPV) through which the PMCCF will make loans and purchase bonds. The Treasury, using funds appropriated to the ESF through the CARES Act, will make an equity investment in the SPV. The SPV will be used for the PMCCF and the Secondary Market Corporate Credit Facility.

Continued….

Appendix 3

The Fed's Liquidity Facilities, 2020

Facility	Description
Secondary Market Corporate Credit Facility (SMCCF)	The Federal Reserve established the Secondary Market Corporate Credit Facility (SMCCF) on March 23, 2020, to support credit to employers by providing liquidity to the market for outstanding corporate bonds. The SMCCF may purchase in the secondary market corporate bonds issued by investment grade U.S. companies or certain U.S. companies that were investment grade as of March 22, 2020, as well as U.S.-listed exchange-traded funds whose investment objective is to provide broad exposure to the market for U.S. corporate bonds. The Treasury, using funds appropriated to the ESF through the CARES Act, will make an equity investment in an SPV established by the Federal Reserve for the SMCCF and the Primary Market Corporate Credit Facility.
Term Asset-Backed Securities Loan Facility (TALF)	The Federal Reserve established the Term Asset-Backed Securities Loan Facility (TALF) on March 23, 2020 to support the flow of credit to consumers and businesses. The TALF will enable the issuance of asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration (SBA), and certain other assets.
Paycheck Protection Program Liquidity Facility (PPPLF)	To bolster the effectiveness of the Small Business Administration's Paycheck Protection Program (PPP), the Federal Reserve is supplying liquidity to participating financial institutions through term financing backed by PPP loans to small businesses. The PPP provides loans to small businesses so that they can keep their workers on the payroll. The Paycheck Protection Program Liquidity Facility (PPPLF) will extend credit to eligible financial institutions that originate PPP loans, taking the loans as collateral at face value.
Central Bank Liquidity Swaps	The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank have taken coordinated action to enhance the provision of liquidity via the standing U.S. dollar liquidity swap line arrangements. In addition, the Federal Reserve has established temporary dollar liquidity swap lines with nine additional foreign central banks.
Temporary Foreign and International Monetary Authorities (FIMA) Repo Facility	The Federal Reserve established a temporary repurchase agreement facility for foreign and international monetary authorities (FIMA Repo Facility) to help support the smooth functioning of financial markets, including the U.S. Treasury market, and thus maintain the supply of credit to U.S. households and businesses. The FIMA Repo Facility will allow FIMA account holders, which consist of central banks and other international monetary authorities with accounts at the Federal Reserve Bank of New York, to enter into repurchase agreements with the Federal Reserve. In these transactions, FIMA account holders temporarily exchange their U.S. Treasury securities held with the Federal Reserve for U.S. dollars, which can then be made available to institutions in their jurisdictions.

Source: "Funding, Credit, Liquidity, and Loan Facilities," Board of Governors of the Federal Reserve System.